

FISCAL NOTE

SB 2812 - HB 3013

February 23, 2002

SUMMARY OF BILL:

- Under present law, the furnishing, for consideration, of either intrastate or interstate telecommunications services is subject to sales and use tax. Only those charges for interstate telecommunications which are originated or received in this state and which are billed or charged to a service address in Tennessee are included in the tax base.
- Subject to federal law, charges for *mobile telecommunications services* that are subject to taxation under the present law provision described above would be deemed to have originated or been received in Tennessee and to be billed or charged to a service address in this state if the customer's place of primary use is located in Tennessee, regardless of where such service actually originates or terminates, and no charges for *mobile telecommunications services* would be subject to tax if the customer's place of primary use is not located in Tennessee. Defines *mobile telecommunications services* as commercial radio service.
- Establishes guidelines for a home service provider's liability for taxes due on mobile telecommunications services. Defines a *home service provider* as the facilities-based carrier or reseller with which the customer contracts for provision of mobile telecommunications services. The services would be determined in accordance with federal law, but the home service provider's responsibility for determining the place of primary use of the mobile telecommunications services would be controlled by provisions in this bill.
- Authorizes, but does not require, the commissioner of revenue to provide a home service provider with an electronic database, that meets requirements of federal law, which designates for each street address in the state, the appropriate taxing jurisdictions, and the appropriate code for each taxing jurisdiction, for each level of taxing jurisdiction, identified by one nationwide standard numeric code.
 - If such database is provided by the commissioner, a home service provider would be held harmless from any tax, charge, or fee liability that otherwise would be due solely as a result of any errors or omissions in such database, subject to the provisions of federal law.
 - If no database is provided by the commissioner of revenue, a home service provider may use an enhanced zip code data base and would be held harmless from any tax, charge, or fee liability that otherwise would be due solely as a result of its reliance on such enhanced zip code, subject to the provisions of federal law.
- Provides that provisions of the bill would become invalid if a court of competent jurisdiction enters a final judgment on the merits that is based on federal law, no longer subject to appeal, and substantially limits or impairs the essential elements of the federal sourcing rules adopted by this bill.
- The bill would take effect on becoming law, but would apply only to customer bills issued after August 1, 2002.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant

Estimate assumes an increase in state expenditures that is not significant resulting from MIS systems modifications costs in the Department of Revenue associated with implementing the provisions of the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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